



Brief Update & Moving Toward Value-based Care in Delaware

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Agenda



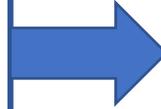
- **2023 Primary Care Investment: Projections & Challenges**
- **Hospital and Provider Reimbursement: Challenges**
- **Potential opportunities to move value-based care forward**

Value-Based Care Basic Requirements



Key components to achieve success in value-based care:

- Identify high-risk patients and those with many care gaps
- Leverage technology to track quality & population health data
- Provide effective transitions of care, care coordination and care management
- Invest in data analytics to measure performance & manage risk
- Systems in place to complete annual physicals, wellness exams, and preventive care
- Educate entire care team about how to deliver “whole-person care”



Resources needed:

- Staff with new or different skill sets
- Technology/data management
- Prospective payments to secure investment in people and technology
- Education and training



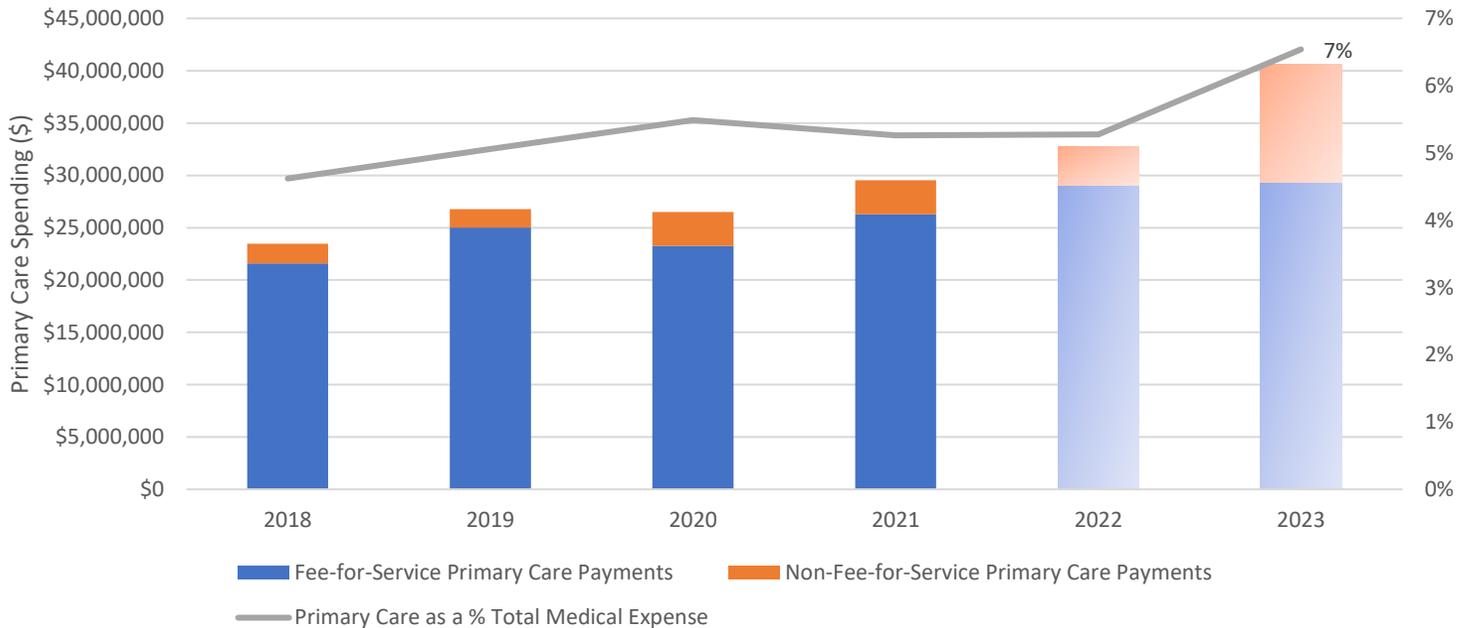
Requires financial investment

Historically, DE providers receive lower commercial FFS reimbursement compared to other states and almost zero non-FFS commercial reimbursement.

2023 Primary Care Investment Projections



Primary Care Spending among Delaware Commercial Fully-Insured



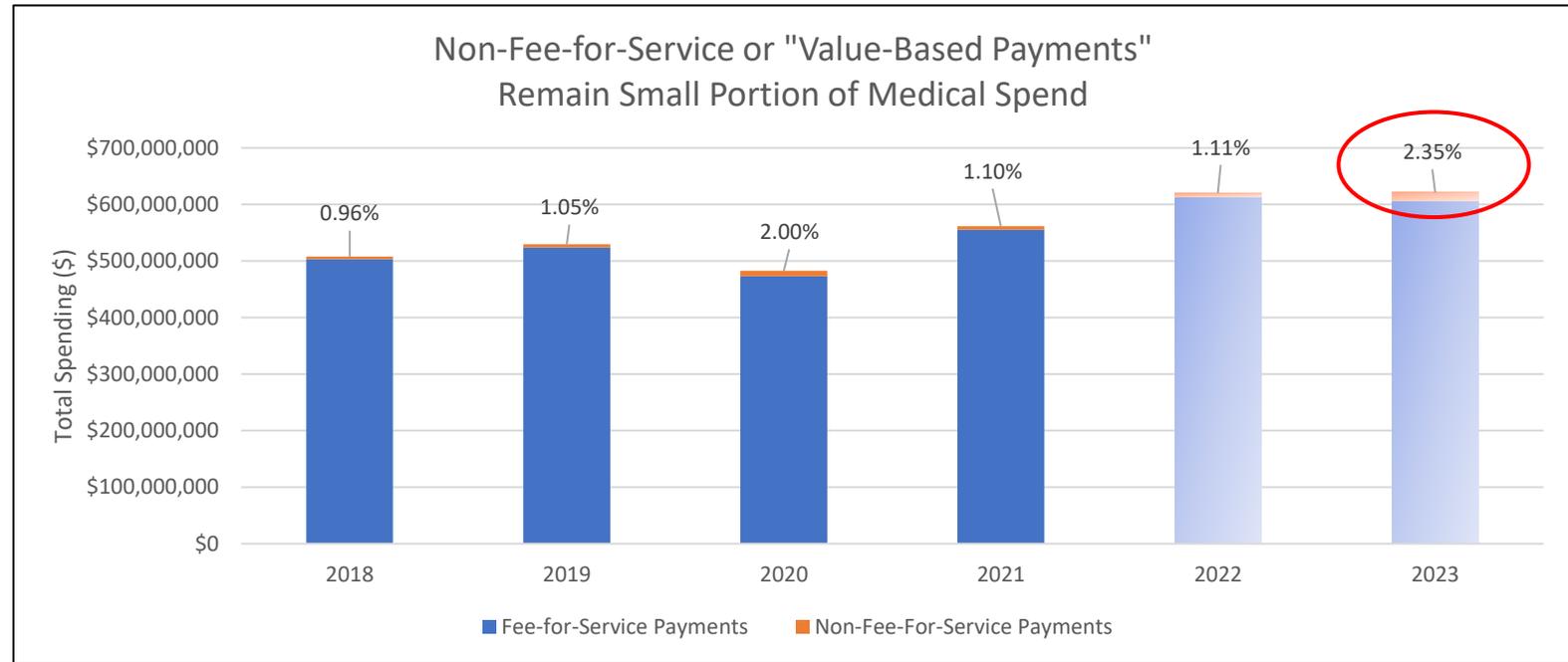
Highlights:

- 2023 projections show 7% Primary Care Investment of Total Medical Spend (\$40 million), total population
- Non-FFS primary care spend is projected at \$11 million, an \$8 million increase from 2022
- Non-FFS PMPM increased from \$3 to \$11 (2022 and 2023 respectively); for members attributed to care transformation, up to \$29 PMPM

2023 Primary Care Investment Projections



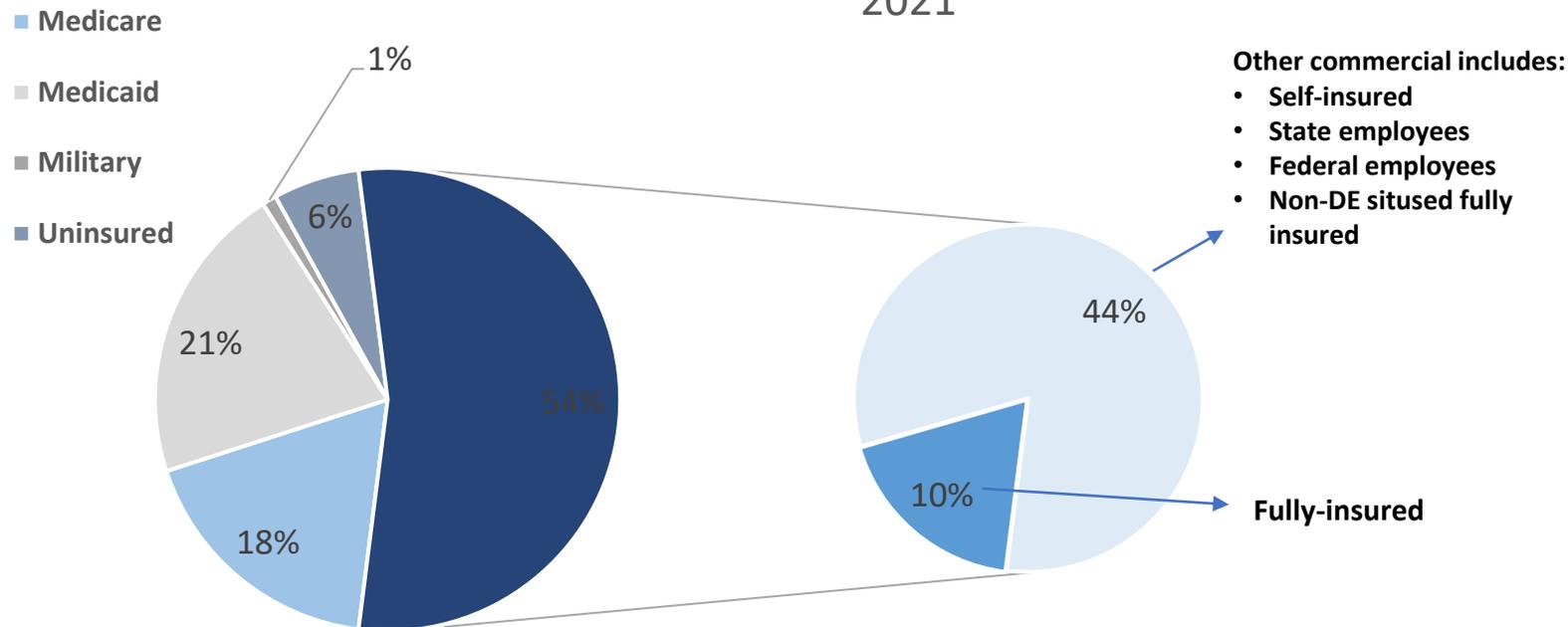
When all Non-FFS spending (\$15 m) is compared to the Total Medical Spend (\$622 m), it is a little over 2%, which reduces the potential for comprehensive change this year



2023 Primary Care Investment: Challenges



Estimated Delaware Health Care Market Share by Payer Type, 2021



Key Challenges:

- Fully-insured portion is relatively small
- Carriers with low membership reluctant to design value-based programs
- Provider practices with low attributed members reluctant to invest in value-based infrastructure
- Lack of multi-payer program alignment (e.g., care delivery, payment, etc.)
 - DE Model opportunity

Sources: OVBHCD ASDS Templates (Fully-Insured)
Kaiser Family Foundation (Medicare, Medicaid, Military, Uninsured)
US Census Bureau (Other Commercial)

2023 Primary Care Investment: Challenges



FULLY-INSURED
PORTION TOO
SMALL TO DRIVE
CHANGE ALONE

SELF-INSURED MAY
LACK ACCESS TO
“ALIGNED VALUE-
BASED” CARE

SEPARATE
HOSPITAL/PHYSICIAN
FEES FOR SELF AND
FULLY INSURED UNDER
CONSIDERATION

Key Challenges:

- Hospital price growth cap (CPI+1) would apply to only fully-insured and not self-insured
- Carriers and providers would need to re-think care delivery approach
- Bifurcating the market will add administrative burden

Hospital and Provider Reimbursement: Challenges

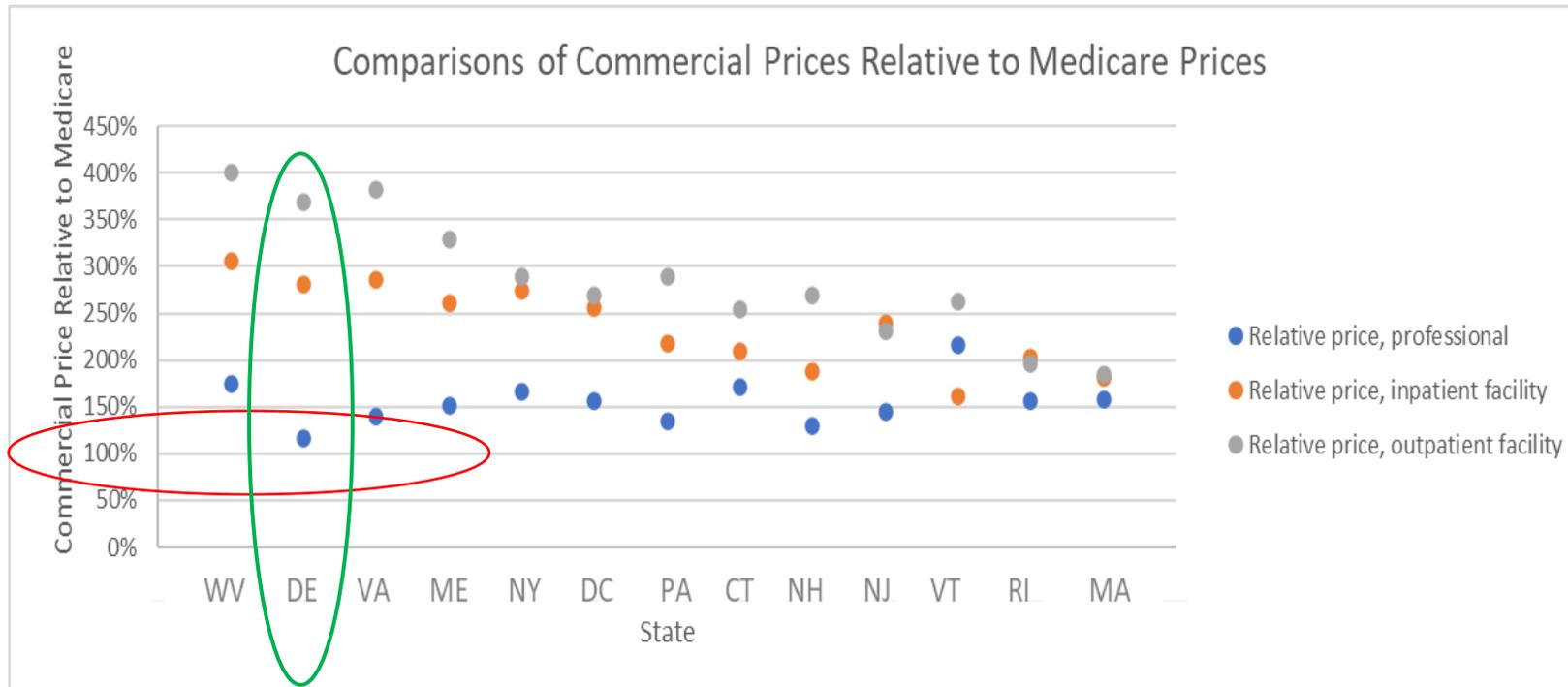


RAND reports disparities in Professional versus Hospital pricing as a percent of Medicare

- **Commercial hospital prices in DE are among the highest in the nation**
 - 281% of Medicare rates for inpatient facility services
 - 369% of Medicare rates for outpatient facility services
 - Delaware ranks 11th in the nation for inpatient facility prices and 9th in the nation for outpatient facility prices
- **DE physician prices averaged 115% of Medicare, ranking it the lowest in the nation**

Source: RAND, Supplemental Report, 2022

Disparities in Professional versus Hospital Pricing



Key Challenges:

- Results in lower compensation for physicians and other clinicians
- Carriers report they lack negotiating power as all hospitals are “must haves” in their regions of the state
- Increases total cost of care

Note: Data from Maryland were excluded because of Maryland’s all-payer rate-setting program

Questions to consider as DE moves forward ...



	Primary Care Spend Target	Price Growth Cap	State Employee Plan Participation
Rhode Island	10.7%	Yes	Voluntary
Oregon	12%	Yes	Mandatory

- *How can commercial prices for physician services be improved?*
- *How can we collaborate better with hospitals?*
- *What are strategies we can implement to move carriers and providers toward value-based care?*
- *How can we move toward more effective care coordination models?*
- *How can we be creative as a smaller state?*